

## Data Sheet

<b>USAID Mission:</b>	Indonesia
<b>Program Title:</b>	Strengthening Local Government
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	497-010
<b>Proposed FY 2004 Obligation:</b>	\$5,050,000 DA; \$8,600,000 ESF
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2005 Obligation:</b>	\$15,000,000 ESF
<b>Year of Initial Obligation:</b>	FY 2000
<b>Year of Final Obligation:</b>	FY 2005

**Summary:** USAID continues to be the leading donor supporting decentralization and the development of effective local governments. As part of the focus on decentralized democratic governance programs, USAID assistance will work directly with local governments, legislatures and non-governmental stakeholders to make appropriate contributions to the design and implementation of service improvements. Activities focus on critical policies and capacities in financial management and greater citizen participation in decision-making processes.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Consolidating the decentralization process (\$5,050,000 DA; \$8,600,000 ESF). USAID's assistance will be directed at building the capacity of local governments and their associations to provide services effectively at the local level. At the national level, USAID will provide technical expertise to the Ministry of Home Affairs and the Ministry of Finance to develop a sound legal and regulatory framework. Areas of particular attention will include defining obligatory functions and minimum service standards, local government financing, and financial management. Continued support to the Indonesian Rapid Decentralization Appraisals in more than 40 local governments will provide valuable qualitative analysis of the impact of decentralization on the provision of services. Training and on-site consultancies will be provided to 100 local governments throughout Indonesia on core governance processes. Experts from regional universities, local governments, provincial and central government staff, the associations of local government, and local consultants will provide training and on-site consultancies for local executive and legislative officials on performance-based budgeting and participatory planning. Workshops and on-the-job training will be directed at local governments to strengthen their financial management and member services such as advocacy, best practices, and communications. Innovations in local government management and service delivery will be transferred to other local governments through the associations and direct peer-to-peer local government exchanges. Principal contractors include International City/County Management Association, Research Triangle Institute, Urban Institute, and The Asia Foundation.

#### FY 2005 Program:

Consolidating the decentralization process (\$15,000,000 ESF). Increased emphasis will be placed on the ability of non-governmental organizations to advocate for increased transparency, accountability, and public services at the local level. USAID will provide technical expertise and training to local parliaments to enable them to play a full and responsible legislative role, which includes policy setting, planning, budget processes and developing local legal frameworks. USAID will train local leaders, planning staff and key officials from priority departments on core local governance processes and skills such as participatory planning, performance-based budgeting and municipal finance. Examples of recipient organizations include civil society organizations, universities, religious-based organizations, business associations, labor associations and the media.

**Performance and Results:** USAID is recognized as a lead donor supporting decentralization and the development of effective local government. In 2003, USAID technical assistance and training directly impacted nearly 100 Indonesian local governments.

As a result of USAID technical exchange partnerships, Indonesian cities adopted a range of innovative local government practices. For example, in Samarinda, the local government used performance budgeting and double-entry accounting to formulate its annual budget for 2003 and is now encouraging other local governments in the area to adopt this practice. In Bekasi, over 100 million person-hours of commuting time were saved by retiming the traffic light system. This also reduced pollution from emissions and saved businesses money through reduced fuel expenditure, transportation and delivery times.

In 2003, seven more failing water enterprises became profitable for the first time, bringing the total to 12 over three years. These enterprises were able to attract outside funding and add 135,000 new consumers, making a three-year total of 735,000. Tariff increases recommended and justified by USAID assistance reduced local government subsidies by more than \$2,000,000 - despite rising electricity costs.

FY 2003 highlighted the sustainability of processes and approaches developed under USAID's capacity building programs. Part of this success was the ability to embody them into legal instruments. At the national level, the Ministry of Home Affairs issued guidelines to all local governments endorsing a participatory planning approach. At the local level, 12 districts, including 4 municipalities, issued local regulations or decrees on participatory planning. Several regulations also covered participatory implementation and transparency.

## US Financing in Thousands of Dollars

Indonesia

497-010 Strengthening Local Government	<b>DA</b>	<b>ESF</b>
<b>Through September 30, 2002</b>		
Obligations	65,911	8,500
Expenditures	56,268	1,560
Unliquidated	9,643	6,940
<b>Fiscal Year 2003</b>		
Obligations	8,050	5,950
Expenditures	8,437	5,965
<b>Through September 30, 2003</b>		
Obligations	73,961	14,450
Expenditures	64,705	7,525
Unliquidated	9,256	6,925
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2004 NOA</b>		
Obligations	5,050	8,600
<b>Total Planned Fiscal Year 2004</b>		
Obligations	5,050	8,600
<b>Proposed Fiscal Year 2005 NOA</b>		
Obligations	0	15,000
Future Obligations	0	0
Est. Total Cost	79,011	38,050